



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

January 10, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENT NO. 1 TO LEASE NO. 75866
DEPARTMENT OF MENTAL HEALTH
10515 BALBOA BOULEVARD, GRANADA HILLS
(FIFTH DISTRICT) (3 VOTES)**

SUBJECT

This recommendation is for a five-year lease amendment for 4,403 rentable square feet for the Department of Mental Health Full Service Partnership program to provide continued use of existing office space and 22 parking spaces.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the proposed lease amendment is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Chairman to sign an amendment to the five-year lease agreement with Doctor's Medical Plaza, LLC (Lessor) for the Department of Mental Health to continue occupancy of 4,403 square feet of office space and 22 parking spaces located at 10515 Balboa Boulevard, Granada Hills, at an initial annual rental cost of \$105,672. The rental cost is funded under the Mental Health Services Act and matching Medi-Cal funds.
3. Authorize the Chief Executive Officer and the Director of Mental Health to implement the project. The lease amendment will be effective upon approval by your Board.

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

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Fourth District

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Fifth District

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Under the State Proposition 63 - Mental Health Services Act (MHSA), the Department of Mental Health (DMH) was mandated to formulate a plan for the expeditious implementation of various mental health services across the County.

The proposed lease amendment herein will continue to provide DMH with a satellite office for the Adult Systems of Care (ASOC)-Full Service Partnership program to augment the existing Mental Health facility at 10605 Balboa Boulevard, Granada Hills, located adjacent to the proposed facility. By allowing for the continuation of the satellite office as proposed, DMH will be able to provide enhanced services in a more expeditious manner to its target population. The office will have some public intake by appointment and is in close proximity to public transportation routes. The office currently houses 16 staff with parking adjacent to the facility.

The ASOC-Full Service Partnership programs are an outpatient direct service with an emphasis on supportive and recovery-based services that assist adult clients with a serious mental illness to live independently and become employed and live more enriching lives. These programs provide the most intense form of outpatient mental health service available to clients with mental illness who have extensive histories of homelessness, incarcerations and psychiatric hospitalizations. The ASOC supports the County's goal to enhance consumer-citizens' quality of life and improve overall community safety and well-being by encouraging appropriate community functioning as well as reducing disruptive and isolating incidents within the community.

As existing Mental Health facilities are currently operating at full capacity and new staff cannot be accommodated at existing locations without a compromise of mental health services, it has been determined that the Chief Executive Office (CEO) would identify ancillary locations as close as possible to existing operations in order to facilitate the delivery of MHSA-funded and mandated services. The proposed lease amendment is a renewal of such a facility.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of processes, structure, and operations to support timely delivery of customer-oriented and efficient public services and the Goal of Health and Mental Health (Goal 4) improves health and mental health outcomes by promoting proven service models and principles. In this case, the County of Los Angeles (County) is supporting these goals by providing an office in the community it serves to increase effectiveness, enhance customer service, and providing responsive services to the public.

FISCAL IMPACT/FINANCING

The proposed lease amendment will provide DMH uninterrupted use of 4,403 square feet of office space and 22 parking spaces at a monthly base rent of \$8,806 per month, or \$105,672 annually. The base rental rate reduction from the existing rent of \$8.29 per square foot annually will represent potential savings of approximately \$182,284 over the term of the extended lease. In addition, a Tenant Improvement (TI) allowance of \$26,418 included in the rent was negotiated for miscellaneous TIs within the facility.

10515 Balboa Blvd. Granada Hills	Existing Lease	Proposed Lease/ Amendment No. 1	Change
Area (square feet)	4,403	4,403	None
Term	(12/01/2006-11/30/2011) current month-to-month	Five years upon Board adoption	+Five years
Annual Rent	\$142,164 (\$32.29/sq.ft.)	\$105,672 (\$24.00/sq.ft.)	- \$36,492 (-\$8.29/sq.ft.)
TI Allowance	N/A; build-to-suit lease	\$26,418 (\$6.00/sq.ft.)	+\$26,418 (+\$6/sq.ft.)
Cancellation	County after 36 months with 180 days notice	County after 36 months with 120 days notice	None; -60 days notice
Parking (included)	22	22	None
Option to Renew	One five-year option	One five-year option	None
Rental Adjustment	Automatic 4 percent increases	Consumer Price Index (CPI) increases capped at 3 percent	CPI capped at 3 percent

This is a full-service gross lease whereby the Lessor is responsible for all operating costs associated with the County's occupancy. The rent is subject to CPI increases capped at 3 percent in lieu of the previous automatic 4 percent increases annually. Parking is included in the rental rate and will be provided in the adjacent secured parking lot servicing the building.

The lease will be funded through the MHSA and matching Medi-Cal funds. Sufficient funding for the proposed lease costs is included in the Fiscal Year (FY) 2011-12 Rent Expense budget and will be billed back to DMH. DMH has sufficient funding in its FY 2011-12 operating budget to cover the projected lease costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed amendment will provide uninterrupted use of 4,403 square feet of office space and 22 parking spaces. The proposed lease amendment contains the following provisions:

- Commencement of new rent and five-year term upon approval by your Board.
- A full-service gross basis with the Lessor responsible for all operational and maintenance costs.
- A TI allowance of \$26,418 for miscellaneous improvements included in the base rent.
- The Lessor will mitigate existing accessibility barriers to conform with the Americans with Disabilities Act (ADA).
- A cancellation provision allowing the County to cancel any time after 36 months with 120 days prior written notice and payment of a cancellation fee equal to the unamortized balance of the TI costs.
- Annual rental rate adjustments based upon CPI with no minimum and a maximum increase of 3 percent per annum.
- One five-year option to extend the lease at the same terms and conditions with 120 days prior written notice.

The CEO Real Estate staff conducted a survey within the search area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically, nor are there any County-owned or leased facilities available for this program. Based upon said survey, staff has established that the rental range for similar space is between \$19.20 and \$30.60 per square foot per year on a full-service basis, excluding parking. Thus, the base annual rent of \$24 per square foot per year on a full-service basis, including parking, for the proposed lease represents a rate within the market range for the area. Attachment B shows County-owned or leased facilities in the proximity of the service area and there are no suitable County-owned or leased facilities available for the program.

The leased premises and related common areas were assessed in regards to ADA accessibility compliance. A report identifying barriers to accessibility has been completed and provided to the CEO and the department. Pursuant to the report, the CEO, DMH, and the Lessor are engaged in a collaborative effort to address the removal of barriers to improve accessibility to the existing program, services, and activities.

The Department of Public Works has inspected this facility and found it suitable for the County's occupancy. Notification letters have been sent pursuant to Government Code Sections 25351 and 65402.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that this project is exempt from the California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will adequately provide the necessary office space for this County requirement. DMH concurs with the proposed recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return three originals of the executed lease amendment, two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:CMM
CEM:NCH:ls

Attachments

- c: Executive Office, Board of Supervisors
- County Counsel
- Auditor-Controller
- Mental Health

DEPARTMENT OF MENTAL HEALTH
10515 BALBOA BOULEVARD, GRANADA HILLS
Asset Management Principles Compliance Form¹

1.	Occupancy		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients? ² Satellite office next to existing DMH facility.		X	
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 250 sq. ft of space per person? ² The program accommodates group and related therapy rooms per the ASOC operations.		X	
2.	Capital				
	A	Is it a substantial net County cost (NCC) program?		X	
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?	X		
	G	Was build-to-suit or capital project considered? Space requirement does not meet requirement to consider these types of projects.		X	
3.	Portfolio Management				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?			X
	D	Why was this program not co-located?			
		1. ___ The program clientele requires a "stand alone" facility.			
		2. ___ No suitable County occupied properties in project area.			
		3. <u>X</u> No County-owned facilities available for the project.			
		4. ___ Could not get City clearance or approval.			
		5. ___ The Program is being co-located.			
	E	Is lease a full service lease? ²	X		
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
¹ As approved by the Board of Supervisors 11/17/98					
² If not, why not?					

**DEPARTMENT OF MENTAL HEALTH
SPACE SEARCH - 5-MILE RADIUS OF 10605 BALBOA BOULEVARD, GRANADA HILLS
SAN FERNANDO VALLEY MENTAL HEALTH CENTER**

FACILITY NAME	ADDRESS	SQUARE GROSS	FT NET	OWNERSHIP	SQ FT
MID VALLEY - SAN FERNANDO VALLEY SERVICE CENTER	7555 VAN NUYS BLVD, VAN NUYS 91405	17698	10623	OWNED	NONE
DHS - SAN FERNANDO HEALTH CENTER	1212 PICO ST, SAN FERNANDO 91340	22144	8493	OWNED	NONE
SAN FERNANDO COURTHOUSE ANNEX (UNUSED)	919 1ST ST, SAN FERNANDO 91340	17185	11935	OWNED	11935
SAN FERNANDO COURTHOUSE	900 3RD ST, SAN FERNANDO 91340	203225	132127	FINANCED	NONE
ALTERNATE PUBLIC DEFENDER - SAN FERNANDO OFFICE	303 N MACLAY AVE, SAN FERNANDO 91340	3040	3040	LEASED	NONE
PUBLIC LIBRARY - SAN FERNANDO LIBRARY	217 N MACLAY AVE, SAN FERNANDO 91340	8601	6881	LEASED	NONE
CORONER - SANTA CLARITA VALLEY REGIONAL OFFICE	910 1ST ST, SAN FERNANDO 91340	1135	1078	LEASED	NONE
DMH - WELLNESS CENTER	10515 BALBOA BLVD, GRANADA HILLS 91344	7991	7592	LEASED	NONE
ASSESSOR - NORTH DISTRICT OFFICE	13800 BALBOA BLVD, SYLMAR 91344	37000	33300	LEASED	NONE
PH - PACOIMA PUBLIC HEALTH CENTER	13300 VAN NUYS BLVD, PACOIMA 91331	5404	3098	OWNED	NONE
DCFS - SAN FERNANDO VALLEY/ WEST SFV (SPA 2)	20151 NORDHOFF ST, CHATSWORTH 91311	73595	69915	LEASED	NONE
PH - CHILDREN'S MEDICAL SVCS CTR (FOOTHILL CTR)	12502 VAN NUYS BLVD, PACOIMA 91331	6664	5577	LEASED	NONE
SYLMAR JUV CRTHSE/ B J NIDORF ADMIN BLDG-1	16350 FILBERT ST, S YLMAR 91342	36692	32008	OWNED	NONE
BARRY J NIDORF JUV HALL- N AREA SCHOOL OFFICE-4	16350 FILBERT ST, SYLMAR 91342	5158	4402	OWNED	NONE
WHITEMAN AIRPORT - ADMIN BLDG	12653 OSBORNE ST, PACOIMA 91331	4657	3795	OWNED	NONE
CHATSWORTH COURTHOUSE	9425 PENFIELD AVE, CHATSWORTH 91311	302435	182589	FINANCED	NONE
DPSS - MEDICAL (NORTHRIDGE)	9451 CORBIN AVE, NORTHRIDGE 91324	57799	54909	LEASED	NONE
PH - NORTH DISTRICT HEALTH FACILITIES OFFICE	15643 SHERMAN WAY, VAN NUYS 91406	3712	3600	LEASED	NONE
SHERIFF - NORTH HILLS T.R.A.P. UNIT	8353 N SEPULVEDA BLVD, NORTH HILLS 91343	1500	1500	LEASED	NONE

AMENDMENT NO. 1 TO LEASE NO. 75866
DEPARTMENT OF MENTAL HEALTH
10515 BALBOA BOULEVARD, GRANADA HILLS

THIS AMENDMENT NO. 1 ("Amendment" or "Amendment No. 1") TO LEASE NO. 75866 is made, entered and dated as of this _____ day of _____, 2012, by and between DOCTOR'S MEDICAL PLAZA, LLC, a Delaware limited liability company, hereinafter referred to as "LESSOR" and the COUNTY OF LOS ANGELES, a body corporate and politic, hereinafter referred to as "LESSEE."

RECITALS

WHEREAS, that certain County of Los Angeles Chief Administrative Office Lease Agreement (the "Lease") was executed by and between Lessor's predecessor-in-interest, Jamison Properties, Inc. dba Doctors Medical Plaza, and Lessee on September 5, 2006, whereby the Lessor leased to Lessee those certain premises containing approximately 4,403 rentable square feet of office space commonly known as Suites 260 and 375 (the "Premises") in a building located at 10515 Balboa Boulevard, Granada Hills, California for an initial term of five years, and;

WHEREAS, Lessor and Lessee desire to extend the Lease Term and amend the Lease pursuant to this Amendment No. 1 to Lease No. 75866 and;

WHEREAS, the terms of this Amendment No. 1 to Lease No. 75866 shall not become effective until such time that said Amendment is executed by all parties herein.

NOW, THEREFORE, in consideration of the foregoing recitals, and mutual covenants, promises, and conditions hereinafter contained, the parties hereby agree, effective upon approval of this Lease Amendment No. 1 by the Board of Supervisors, to amend the Lease as follows:

1. **TERM:** Notwithstanding anything contained in the Lease to the contrary, the term of the Lease shall be extended for five (5) years commencing upon approval of this Amendment by the Lessee's Board of Supervisors and ending five (5) years thereafter (the "Extended Term"), unless otherwise extended or renewed, or terminated earlier in accordance with the conditions and provisions contained herein or in future amendment(s) executed in writing between the Lessor and Lessee.
2. **EARLY TERMINATION:** Effective upon execution of this Amendment by the parties hereto, Paragraphs 1(j) and 4(d) of the Lease (Early Termination) are hereby deleted in their entirety and the following is substituted for Paragraph 4(d):

The Lessee shall have the right to terminate this Lease at any time after the expiration of the thirty-sixth (36th) month from the commencement of the Extended

Term pursuant to this Amendment by providing the Lessor at least one hundred twenty (120) days prior written notice by Chief Executive Office letter. In the event of such termination, Lessee will pay a fee equal to the unamortized portion of the Tenant Improvement Allowance (as such term is defined in Section 5 of this Amendment No. 1) amortized at seven (7%) percent. Payment shall be made within thirty (30) days after Lessee's termination of possession of the Premises

3. **RENT:** The Lessee hereby agrees to pay as rent for the Premises during the Extended Term, the sum of eight thousand eight hundred six and 00/100 dollars (\$8,806.00) per month, i.e., \$2.00 per rentable square foot per month, payable in advance by Auditor's General Warrant. Rental payments shall be payable within fifteen days after the first day of each and every month of the term hereof provided Lessor has caused a claim therefor for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month.

Beyond year 1 of the Extended Term, the rental rate shall be adjusted as follows:

- (a) **CPI.** From and after the first anniversary of the commencement of the Extended Term, on the first day of the first full calendar month thereafter (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Basic Rent shall be adjusted by applying the CPI Formula set forth below. The "Basic Index" shall be the Index published for the month the Lease commences.
- (b) **CPI Formula.** The Index means the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" means Basic Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Basic Index. If the Index is changed so that the Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Extended Term, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.
- (c) **Illustration of Formula.** The formula for determining the new rent shall be as follows:
- $$\frac{\text{New Index}}{\text{Basic Index}} \times \$8,806 \text{ (Basic Rent)}$$
- = Monthly Basic Rent
- (d) **Limitations on CPI Adjustment.** In no event shall the monthly Basic Rent

adjustment based upon the CPI Formula result in an annual increase greater than three percent 3% per year of the Basic Rent.

4. **OPTION TO EXTEND:** Effective upon execution of this Amendment by the parties hereto, Paragraph 5, **OPTION TO EXTEND**, is hereby deleted in its entirety and the following is substituted therefor:

- (a) **Terms of the Option.** Provided that no material default has occurred and is continuing under the Lease at the time the option is exercised, Lessee shall have one option to renew this Lease (the "Option") for an additional period of five (5) years (the "Option Term").
- (b) **Exercise of the Option.** If it elects to do so, Lessee shall exercise the Option to extend this Lease by giving Lessee written notice of its intent to do so by Chief Executive Office letter no later than 120 days prior to the end of the then existing term.
- (c) **Terms and Conditions of Extension Term.** The Option Term shall be on all the terms and conditions of this Lease, except that no Base Tenant Improvement Allowance shall be due, and provided that Basic Rent for the Option Term shall be the rate in effect during the last year of the Extended Term as adjusted in accordance with Section 3 of this Amendment.

5. **TENANT IMPROVEMENTS:** Effective upon execution of this Amendment by the parties hereto, Paragraph 24, **TENANT IMPROVEMENTS**, is deleted and the following is substituted therefor:

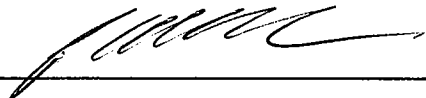
The Lessor hereby agrees to provide an allowance of \$26,418 (i.e. \$6 per rentable square foot) (the "Tenant Improvement Allowance"), to improve the Premises related to paint, carpet, and other deferred maintenance items in the existing space as the Lessee desires. The improvements will be under the authority of the Lessor, or its authorized agent, and approved by an assigned representative of the Lessee's Chief Executive Office. Any unused portion of the Tenant Improvement Allowance may be used to offset rent due per an itemized breakdown of such improvements. This Tenant Improvement Allowance is not subject to reimbursement by Lessee unless Lessee exercises its option to cancel the Lease pursuant to the provisions of Paragraph 2 of this Amendment. In addition, Lessor shall at its sole cost mitigate the applicable ADA barriers identified on the report referenced September 3, 2010, a copy of which has been provided the Lessor.

6. Notwithstanding anything to the contrary, and except as provided in this Amendment, all other terms and conditions contained in the Lease shall remain unchanged and are hereby reaffirmed. In the event of a conflict between this Amendment No. 1 and the Lease, as amended, the terms of Amendment No. 1 shall control.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 1 to Lease No. 75866 or caused it to be duly executed, and the County of Los Angeles, by the order of its Board of Supervisors, has caused this Amendment No. 1 to be executed on its behalf by the Chairman of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR:

DOCTOR'S MEDICAL PLAZA, LLC.

By 

Name: _____

Title: President

ATTEST:

Sachi E. Hamai
Executive Officer-Clerk
of the Board of Supervisors

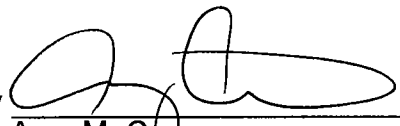
LESSEE:

COUNTY OF LOS ANGELES

By _____
Deputy

By _____
Zev Yaroslavsky
Chairman, Board of Supervisors

APPROVED AS TO FORM:
Andrea Sheridan Ordin
County Counsel

By  _____
Amy M. Cayes
Senior Deputy

10515BalboaFSP.Amend